

Tax Bills Passed During the 2008 General Session

Income Taxes

H.B. 52 Research Activities Tax Credits Amendments (Rep. J. Dougall)

This bill amends the Corporate Franchise and Income Taxes chapter and the Individual Income Tax Act to address tax credits for research activities.

This bill:

- modifies tax credit percentages;
- addresses the taxable year for which certain tax credits for research activities may be claimed;
- addresses Utah Tax Review Commission study requirements for the tax credits; and
- makes technical changes.

S.B. 136 Apportionment of Business Income and Deduction of Net Losses By An Acquired Corporation (Sen. W. Niederhauser)

This bill amends the Corporate Franchise and Income Taxes chapter and the Individual Income Tax Act relating to the apportionment of business income and the calculation of a net loss deduction by an acquired corporation.

This bill:

- addresses the calculation of a net loss deduction by an acquired corporation;
- for purposes of apportionment of business income, addresses the circumstances under which certain receipts, rents, royalties, or sales are considered to be in this state;
- addresses the apportionment of business income for purposes of the individual income tax; and
- makes technical changes.

Property Taxes

H.B. 54 Property Tax Assessment Revisions (Rep. W. Harper)

This bill amends provisions in the Property Tax Act relating to the real property appraisal requirements for county assessors.

This bill:

- defines terms;
- requires a county assessor of a first or second class county to use a computer assisted mass appraisal system to conduct its annual update of property values;
- requires a county assessor to maintain a record of the last property review date for each parcel of real property located within the county assessor's county on the county's computer system;
- requires a county assessor to prepare a five-year plan to comply with the statutory property review requirements;
- requires a county assessor to create and update a database with sales and property characteristic information;
- requires a county assessor to include the last property review date for a parcel of property

- on the property owner's tax notice;
- provides a penalty if a county assessor fails to comply with statutory property review requirements;
- requires a county assessor to report certain information to the Tax Commission;
- requires the Tax Commission to report certain information to the Revenue and Taxation Interim Committee; and
- makes technical changes.

H.B. 77 *Personal Property Tax Amendments (Rep. J. Dougall)*

This bill amends the Property Tax Act and the chapter relating to the collection of certain personal property taxes and the calculation of the certified tax rate.

This bill:

- defines terms;
- amends the time period within which a county assessor or treasurer is required to deposit its collections of personal property tax revenue with the state treasurer or a qualified depository for the credit of the state;
- creates a depreciation schedule for certain classes of taxable tangible personal property;
- allows a person to elect to designate certain taxable tangible personal property as "expensed personal property" for valuation and taxing purposes;
- starting January 1, 2010, requires the Tax Commission to develop a depreciation schedule for short life expensed personal property;
- prohibits a county from requiring a person to itemize the person's expensed personal property;
- amends the date within which a person is required to file a statement with the county assessor's office listing the person's real and personal property;
- eliminates the certified mailing requirement for a county assessor when the county assessor notifies a personal property taxpayer that the personal property taxpayer's signed statement is past due;
- amends the formula for the calculation of the certified tax rate;
- requires the portions of the certified tax rate calculation that relate to personal property values to be based on the prior year's personal property values;
- amends the exemption amount for certain personal property;
- exempts certain personal property with a residual value of 15% or less from taxation;
- amends the time period within which a personal property tax or uniform fee is due; and
- makes technical changes.

H.B. 186 *Property Tax - County Assessment and Collection Amendments (Rep. K. McIff)*

This bill amends provisions in the Property Tax Act that relate to the multicounty assessing and collecting levy.

This bill:

- defines terms;
- provides that the county additional property tax levy is subject to the property tax notice and hearing requirements if the levy is levied within certain counties;
- requires that after distributions have been made to receiving counties, money remaining in the Property Tax Valuation Fund shall be retained in the fund until the following year; and
- makes technical changes.

H.B. 365 *Aviation Amendments (Rep. W. Harper)*

This bill amends provisions in the Property Tax Act and the Uniform Aeronautical Regulatory Act relating to the taxation and registration of aircraft.

This bill:

- amends the uniform fees for certain aircraft;
- amends the registration fee for certain aircraft to 0.4% of the average wholesale Aircraft Bluebook Price Digest market value;
- exempts certain aircraft without an airworthiness certificate from registration requirements;
- provides a \$100 registration fee for:
 - ▶ aircraft not listed in the Aviation Bluebook Digest;
 - ▶ aircraft 50 years of age or older;
 - ▶ experimental aircraft; and
 - ▶ antique aircraft;
- requires the Tax Commission to issue a registration card to an owner of an aircraft in compliance with the registration requirements;
- requires an owner of registered aircraft to carry a registration card in the owner's aircraft;
- requires the Tax Commission to register aircraft and collect certain fees;
- requires the Utah Division of Aeronautics to maintain a statewide database of aircraft based in the state;
- requires that an airport owner provide a list of all aircraft based at the owner's airport to the Utah Division of Aeronautics; and
- makes technical changes.

H.B. 373 *Uniform Fees on Vintage Motor Vehicles (Rep. W. Harper)*

This bill amends provisions in the Property Tax Act relating to the taxation of certain motor vehicles.

This bill:

- provides that vintage vehicles are subject to annual registration;
- provides that vintage vehicles are exempt from paying the renewal of registration fees;
- repeals the exemption from statewide uniform fees for vintage motor vehicles; and
- makes technical changes.

S.B. 29 *Truth in Taxation Amendments (Sen. W. Niederhauser)*

This bill amends provisions in the Minimum School Program Act and the Property Tax Act relating to property tax advertisement and hearing requirements.

This bill:

- amends certain exemptions from property tax advertisement and hearing requirements;
- requires a school district to include a statement in its proposition submitted to its voters voting on the imposition or modification of a voted leeway program under certain circumstances;
- provides that a school district may continue to receive the full amount of state guarantee money tied to the voted leeway program and board approved leeway for a period of five years if the school district's guarantee would have been reduced solely due to changes in the school district's certified tax rate;
- defines terms; and
- makes technical changes.

S.B. 48 *Equalization of School Capital Outlay Funding (Sen. D. Eastman)*

This bill amends the Public Education Capital Outlay Act and the Property Tax Act to modify school capital outlay funding.

This bill:

- defines terms;
- requires certain divided school districts to impose a capital outlay levy at a specified rate and allocates the revenue generated under the capital outlay levy to school districts located within the qualifying divided school district;
- changes the allocation methodology for the Capital Outlay Foundation Program;
- appropriates funding to the State Board of Education for the Capital Outlay Foundation Program and the Capital Outlay Enrollment Growth Program;
- requires each school district in a county of the first class to levy a capital outlay levy at a specified rate and allocates the revenue generated under the capital outlay levy to school districts located in the county of the first class;
- amends truth in taxation notice and hearing requirements for school districts imposing the mandatory portion of the capital outlay levy;
- amends the calculation of the certified tax rate with respect to the capital outlay levy; and
- makes technical corrections.

This bill appropriates as an ongoing appropriation subject to future budget constraints, \$27,288,900 from the Uniform School Fund for fiscal year 2008-09 to the State Board of Education; and \$15,000,000 from the Uniform School Fund for fiscal year 2008-09 only to the State Board of Education.

S.B. 128 *Amendments to the Veteran's Property Tax Exemption (Sen. B. Goodfellow)*

This bill amends provisions in the Property Tax Act relating to the veteran's exemption.

This bill:

- makes technical changes to provisions relating to the veteran's exemption.

Sales and Use Taxes

H.B. 165 *Sales and Use Tax Exemptions Relating to Aircraft (Rep. B. Dee)*

This bill amends the Sales and Use Tax Act relating to sales and use tax exemptions for aircraft.

This bill:

- addresses certain sales and use tax exemptions relating to:
 - ▶ sales of parts and equipment for aircraft; or
 - ▶ sales of aircraft; and
- makes technical changes.

H.B. 172 *City or Town Option Sales and Use Tax (Rep. B. Dee)*

This bill amends the Sales and Use Tax Act to authorize the imposition of a city or town option sales and use tax.

This bill:

- creates a part within the Sales and Use Tax Act authorizing the imposition of a city or town option sales and use tax by certain cities or towns for a certain time period;
- defines terms;
- provides that a city or town legislative body may expend the sales and use tax revenues for

the same purposes for which the city or town may expend the city's or town's general fund revenues;

- addresses the procedures and requirements for imposing the sales and use tax, including providing that the sales and use tax is an agreement sales and use tax; and
- makes technical changes.

H.B. 206 *Tax Amendments (Rep. W. Harper)*

This bill amends the Sales and Use Tax Act and related provisions.

This bill:

- addresses definitions;
- addresses the administration, collection, and enforcement of taxes, fees, or charges administered by the State Tax Commission;
- addresses the State Tax Commission authority to provide information contained in a return, report, related schedule, or other document to the governing board of the Streamlined Sales and Use Tax Agreement or certain other taxing officials;
- authorizes the state to become a party to the Streamlined Sales and Use Tax Agreement and addresses the authority of the State Tax Commission relating to the state becoming a party to the Streamlined Sales and Use Tax Agreement;
- addresses the appointment of delegates to the governing board of the Streamlined Sales and Use Tax Agreement;
- addresses transactions that are subject to state and local sales and use taxation;
- addresses tax rates that apply to specified transactions;
- addresses the enactment, repeal, or change in the rate of state and local sales and use taxes;
- repeals the distribution of certain local taxes collected by a remote seller to counties, cities, and towns;
- repeals the requirement to deposit certain state sales and use tax revenues into the Remote Sales Restricted Account;
- addresses state and local sales and use tax exemptions;
- addresses the Utah Tax Review Commission's requirement to study the state's sales and use tax system;
- addresses provisions relating to an exemption certificate;
- addresses the collection and remittance of sales and use taxes by a seller that is registered under the Streamlined Sales and Use Tax Agreement;
- addresses provisions relating to a direct payment permit;
- addresses the collection, remittance, and payment of taxes on direct mail;
- addresses certified service provider liability relating to state and local sales and use taxes;
- addresses seller or certified service provider reliance on State Tax Commission information or certain systems with respect to state and local sales and use taxes;
- addresses certified service provider or model 2 seller reliance on State Tax Commission certified software with respect to state and local sales and use taxes;
- addresses a purchaser's relief from liability for a tax, penalty, or interest;
- addresses return filing requirements;
- addresses seller discounts;
- addresses overpayments of sales and use taxes;
- addresses amnesty for a seller;
- addresses a monetary allowance under the Streamlined Sales and Use Tax Agreement;
- addresses the sourcing of sales and use transactions;
- addresses provisions relating to funding for 911 emergency telecommunications service;

- addresses provisions relating to the emergency services telecommunications charge to fund the Poison Control Center;
- addresses provisions relating to the emergency services telecommunications charge to fund the statewide unified E-911 service;
- grants rulemaking authority to the State Tax Commission; and
- makes technical changes.

***H.B. 248 Amendments to Sales and Use Tax Exemption for Certain Property
Incorporated into Real Property (Rep. J. Dougall)***

This bill amends the Sales and Use Tax Act relating to an exemption for certain property incorporated into real property.

This bill:

- amends a sales and use tax exemption for certain tangible personal property incorporated into real property to repeal certain requirements for the exemption;
- provides that for certain sales made on or after July 1, 2004, but on or before June 30, 2008, a person may claim the exemption under certain circumstances by filing for a refund; and
- makes technical changes.

H.B. 251 Sales and Use Tax Revisions (Rep. J. Dougall)

This bill amends the Sales and Use Tax Act.

This bill:

- repeals certain dates relating to the taxation of food and food ingredients;
- modifies a sales and use tax exemption relating to sales of aircraft manufactured in the state;
- modifies the sales and use tax exemption to which public transit districts and their subcontractors are entitled;
- modifies requirements for calculating the use tax for purposes of a sales and use tax return filed quarterly;
- clarifies that a county, city, or town within a transit district may impose a sales and use tax of up to .25% to fund a public transportation system if within the county, city, or town a sales and use tax is also imposed under Title 59, Chapter 12, Part 15, County Option Sales and Use Tax for Highways, Fixed Guideways, or Systems for Public Transit; and
- makes technical changes.

H.B. 304 Sales and Use Tax Revenues for Qualified Emergency Food Agencies (Rep. L. Wiley)

This bill amends the State Community Services Act and the Sales and Use Tax Act relating to qualified emergency food agencies.

This bill:

- modifies the duties of the State Community Services Office relating to qualified emergency food agencies;
- creates the Qualified Emergency Food Agencies Fund;
- dedicates certain state sales and use tax revenues to be distributed by the State Community Services Office to qualified emergency food agencies;
- establishes procedures and requirements for making or receiving a distribution of those state sales and use tax revenues;

- repeals a sales tax refund for qualified emergency food agencies; and
- makes technical changes.

S.B. 99 *Amendments to Sales and Use Tax Exemption for Prosthetic Devices (Sen. W. Niederhauser)*

This bill amends the Sales and Use Tax Act relating to an exemption for prosthetic devices.

This bill:

- modifies the eligibility requirements for the sales and use tax exemption for prosthetic devices; and
- makes technical changes.

S.B. 124 *Sales and Use Tax - Definitions of Permanently Attached to Real Property and Tangible Personal Property (Sen. H. Stephenson)*

This bill amends the Sales and Use Tax Act relating to definitions.

This bill:

- amends the definitions of:
 - ▶ "permanently attached to real property"; and
 - ▶ "tangible personal property"; and
- makes technical changes.

Other Taxes

H.B. 58 *Severance Tax Amendments (Rep. J. Dougall)*

This bill provides for the disposition of certain revenues from severance taxes.

This bill:

- provides that certain severance tax revenues that exceed a base amount are deposited into the permanent state trust fund or the Severance Tax Holding Account;
- provides that certain interest earnings be deposited into the Infrastructure and Economic Diversification Investment Account;
- defines terms; and
- makes technical changes.

H.B. 356 *Taxation of Moist Snuff (Rep. R. Lockhart)*

This bill amends the Tobacco Products part to address the taxation of moist snuff.

This bill:

- provides and modifies definitions;
- modifies the taxation of moist snuff; and
- makes technical changes.

H.B. 359 *Tax Changes (Rep. J. Dougall)*

This bill amends the Corporate Franchise and Income Taxes chapter, the Individual Income Tax Act, the Sales and Use Tax Act, the Transportation Code, and related provisions to address the income taxation of individuals, estates, and trusts, including real estate investment trusts, a change in a state sales and use tax rate, a sales and use tax exemption, and the expenditure of certain state sales and use tax revenues.

This bill:

- defines terms;
- addresses the income taxation of a real estate investment trust or income from a real estate investment trust;
- repeals provisions imposing an individual income tax on the basis of graduated brackets and rates;
- provides that an individual income tax is imposed on the basis of a single tax rate, including:
 - ▶ modifying and repealing definitions;
 - ▶ modifying additions to, subtractions from, and adjustments to adjusted gross income;
 - ▶ addressing the taxation of a nonresident individual or part-year resident individual; and
 - ▶ addressing provisions relating to the determination and reporting of income tax liability and information;
- addresses the apportionment of business income for purposes of the individual income tax;
- modifies the income taxation of estates and trusts, including:
 - ▶ providing definitions;
 - ▶ providing that the tax is calculated on the basis of unadjusted income;
 - ▶ modifying additions to, subtractions from, and adjustments to unadjusted income;
 - ▶ addressing the taxation of a nonresident estate or trust; and
 - ▶ addressing provisions relating to the determination and reporting of income tax liability and information;
- addresses the taxation of pass-through entities, including:
 - ▶ providing definitions; and
 - ▶ renumbering and amending provisions relating to pass-through entities;
- rennumbers and amends provisions relating to tax credits, including tax credits for:
 - ▶ a taxpayer;
 - ▶ an investment in the Utah Educational Savings Plan Trust; or
 - ▶ retirement income;
- provides nonrefundable tax credits for:
 - ▶ a trust or estate;
 - ▶ a contribution to a medical care savings account;
 - ▶ capital gain transactions;
 - ▶ certain amounts paid for insurance under a health benefit plan; or
 - ▶ certain solar projects;
- requires the Utah Tax Review Commission to study the solar projects tax credits;
- provides that a person may not claim a nonrefundable renewable energy systems tax credit for certain purchases for which the person claims a tax credit for certain solar projects;
- modifies the refundable renewable energy tax credit to clarify that an estate or trust may claim the tax credit;
- addresses the apportionment of tax credits;
- addresses the following relating to a medical care savings account:
 - ▶ taxation;
 - ▶ penalties; and
 - ▶ interest;
- amends provisions relating to the taxation of an investment in the Utah Educational Savings Plan Trust;

- rennumbers and amends the individual income tax contribution provisions;
- addresses the administration of income tax contributions;
- grants rulemaking authority to:
 - the State Tax Commission; and
 - the Insurance Department;
- increases a state sales and use tax rate from 4.65% to 4.70%;
- provides that a .025% tax rate on certain sales and use transactions shall be deposited into the Critical Highway Needs Fund and the Transportation Investment Fund of 2005;
- provides that a .025% tax rate on certain sales and use transactions shall be deposited into the Transportation Fund to be expended to address chokepoints in construction management;
- extends the expiration date for certain sales and use tax exemptions;
- provides a sales and use tax exemption for sales of fuel to a common carrier that is a railroad for use in a locomotive engine;
- provides that state sales and use tax revenues deposited into the Transportation Fund are not appropriated into the class B and class C roads account;
- modifies the statutes creating the Transportation Investment Fund of 2005 and the Critical Highway Needs Fund to address the sources of revenue that may be deposited into the funds; and
- makes technical changes.

S.B. 137 *Mineral Production Tax Withholding Amendments (Sen. W. Niederhauser)*

This bill amends the Mineral Production Tax Withholding Amendments chapter.

This bill:

- defines terms;
- exempts a business entity that files an exemption certificate with the mineral producer and the State Tax Commission from the deduction and withholding requirements of the Mineral Production Tax Withholding chapter;
- allows a business entity to file an exemption certificate if the business entity:
 - files certain tax returns;
 - expects to claim a refund on certain tax returns of at least 75% of the amount that would otherwise be required to be deducted and withheld; and
 - consents to the jurisdiction of the State Tax Commission to enforce certain penalties or amounts required to be deducted and withheld;
- establishes procedures for filing an exemption certificate;
- addresses penalties;
- prohibits a business entity from filing an exemption certificate for five taxable years under certain circumstances;
- addresses return filing requirements for a producer; and
- makes technical changes.

S.B. 185 *Economic Incentive Revisions (Sen. L. Hillyard)*

This bill modifies procedures, requirements, and economic incentives relating to certain new economic development projects in Utah.

This bill:

- reenacts and modifies statutes governing the Governor's Office of Economic Development's process and criteria for granting economic incentives to business entities for new commercial projects in Utah;

- replaces economic incentives in the form of cash payments with economic incentives in the form of tax credits to business entities that qualify;
- requires certain reports to legislative interim committees and details their contents;
- requires a study by the Utah Tax Review Commission and details its requirements;
- repeals conflicting sections contained in existing law; and
- makes technical corrections.

S.B. 237 *Commercial Airline and Airport Taxation Amendments* (Sen. W. Niederhauser)

This bill amends the Revenue and Taxation title relating to commercial airlines and airports.

This bill:

- defines terms;
- addresses the apportionment and interstate allocation of mobile flight equipment for purposes of taxation under Title 59, Chapter 2, Property Tax Act;
- addresses the apportionment of the following for purposes of taxation under Title 59, Chapter 7, Corporate Franchise and Income Taxes:
 - ▶ mobile flight equipment;
 - ▶ compensation of flight personnel; and
 - ▶ transportation revenues;
- provides a sales and use tax exemption for sales of certain construction materials purchased on or after July 1, 2010, by or on behalf of an international airport;
- provides a sales and use tax exemption for sales of certain construction materials purchased on or after July 1, 2008, by or on behalf of a new airport located within a county of the second class; and
- makes technical changes.

S.B. 245 *Funding Relating to Airports, Highways, and Public Transit* (Sen. C. Bramble)

This bill amends the Motor Vehicles Code, the Sales and Use Tax Act, and the Transportation Code relating to the local option highway construction and transportation corridor preservation fee, a local sales and use tax to fund tourism, recreation, cultural, convention, and airport facilities, a local sales and use tax to fund certain airport, highway, or public transit projects or services, a state sales and use tax, and financing of certain fixed guideways with certain airport revenue.

This bill:

- addresses an audit relating to the local sales and use tax to fund tourism, recreation, cultural, convention, and airport facilities;
- reallocates a portion of the revenue received from the local option highway construction and transportation corridor preservation fee imposed in a county of the first class from the County of the First Class State Highway Projects Fund to the legislative body of a city of the first class located within a county of the first class that has an international airport with a United States customs office within its boundaries;
- addresses amounts a seller may retain as a seller discount;
- repeals a purpose statement;
- provides part titles;
- defines terms;
- provides that a county legislative body may expend certain local sales and use tax revenues for an airport facility in addition to other purposes allowed by statute;
- addresses provisions relating to ordinances and bonding for purposes of the local sales and use tax to fund tourism, recreation, cultural, convention, and airport facilities;

- authorizes a county of the second class to impose a local option sales and use tax to fund certain airport, highway, or public transit projects or services;
- addresses the procedures and requirements for imposing the local option sales and use tax to fund certain airport, highway, or public transit projects or services, including providing that the sales and use tax is an agreement sales and use tax;
- imposes a state sales and use tax under certain circumstances;
- addresses the procedures and requirements for imposing the state sales and use tax, including providing that:
 - ▶ the sales and use tax is an agreement sales and use tax; and
 - ▶ the revenues are distributed to certain public transit districts;
- modifies the sources of funding for the Local Transportation Corridor Preservation Fund;
- creates a special revenue fund known as the County of the Second Class State Highway Projects Fund, including:
 - ▶ addressing funding of the fund; and
 - ▶ addressing the purposes for which fund monies may be expended;
- provides that an airport operator may not use airport revenue to contribute to constructing, equipping, maintaining, or operating a fixed guideway; and
- makes technical changes.